



AGENDA DATE: 4/26/00
AGENDA ITEM: 8E

STATE OF NEW JERSEY

Board of Public Utilities

*Two Gateway Center
Newark, NJ 07102*

IN THE MATTER OF THE PETITION)
OF @LINK NETWORKS, INC.)
FOR AUTHORITY TO INCUR DEBT)
OBLIGATIONS)

ORDER OF APPROVAL

DOCKET NO. TF00010013

Porizo, Bromberg & Newman, P.C., by Howard J. Schwartz, Esq., Morristown,
New Jersey, for @Link Networks, Inc.

Fred S. Grygiel, Chief Economist, Mark C. Beyer, Manager, Leo M. Lim,
Supervising Accountant and Julie Huff, Accountant II, Office of the
Economist on behalf of the Board of Public Utilities

BY THE BOARD:

@link Networks, Inc. (@link or Petitioner), a Wisconsin corporation and a public utility subject to the jurisdiction of the Board, filed a petition on January 14, 2000, pursuant to N.J.S.A. 48:3-7 and 48:3-9, requesting authority, *nunc pro tunc* as of December 28, 1999, to participate in financing arrangements whereby @link will borrow under two advancing term loan facilities with Nortel Networks, Inc. (Nortel Term Loan Facilities).

Petitioner is a wholly owned subsidiary of @link Holdings, Inc., a Wisconsin holding company. Petitioner is authorized to provide local exchange and interexchange telecommunications services throughout the State of New Jersey pursuant to the Board's Order of Approval issued on December 8, 1998 in Docket No. TF98090544.¹

@link is the sole borrower under the Nortel Term Loan Facilities. The Nortel Term Loan Facilities consist of (1) Term Loans A, in an aggregate principal amount of up to \$125 Million, and (2) Term Loans B, in an aggregate principal amount of up to \$100 Million. Nortel Networks, Inc. is currently the only lender. The proceeds of loans under Term Loans A may be utilized to purchase equipment and installation services from Nortel (Nortel Networks Goods and Installation Services) and for other corporate purposes consistent with New Jersey law. The proceeds of loan under Term Loans B may be utilized (1) to finance the purchase price of Nortel Networks Goods and Installation Services, (2) to pay interest accrued with respect to the Term Loans B, or (3) to repay and refinance all or any portion of the principal amount of the Term Loans A. Term Loan A will mature by December 28, 2006, while Term Loans B will mature by June 28, 2007.

The Nortel Term Loan Facilities are secured by a perfected, first priority lien on all of the rights, title and interest of @link and @link Holdings, including without limitation, (i) all capital stock of @link, (ii) all of the tangible or intangible, real and personal property of @link, (iii) all debt owned by @link to @link Holdings, and (iv) all cash and non-cash proceeds and products of any of the foregoing. Furthermore, @link Holdings guarantees the Nortel Term Loan Facilities. @link has consummated the described transactions prior to receiving Board approval. However, our review indicates that the Nortel Term Loan Facilities are otherwise in accordance with law and that the use of the proceeds associated therewith is appropriate. Moreover, while there is no guarantee in this regard, especially given the competitive environment in which Petitioner operates, the Board is satisfied that the transactions will not have an adverse impact on Petitioner's operations in New Jersey.

After review, the Board having considered the record and exhibits submitted in this proceeding, being satisfied with the action taken by Petitioner as indicated above and finding that the transaction is in accordance with law and is not contrary to the public interest, and approving the purposes thereof, HEREBY ORDERS that @link Networks, Inc. is HEREBY AUTHORIZED, *nunc pro tunc* as of December 28, 1999, to participate in financing arrangements under the two advancing term loan facilities described herein.

This Order is issued subject to the following provisions:

1. This Order shall not be construed as directly or indirectly fixing, for any purpose whatsoever, any value of the tangible or intangible assets now owned or hereafter to be owned by Petitioner.
2. Petitioner shall semiannually file statements for the amounts and use of the credit facilities pursuant to N.J.A.C. 14:1-5.9(b).

¹ @link's certification was issued in the name of Dakota Services, Ltd. (Dakota). Madison Dearborn Capital Partners III, L.P. and Dakota filed a Joint Petition for Approval of Transfer of Control and Name Change on December 15, 1999. That Petition was approved by the Board in Docket No. TM9912037.

3. This Order shall not affect, or in any way limit the exercise of the authority of this Board, or of the State, in any future petitions or in any proceeding with respect to rates, franchises, services, financing, accounting, capitalization, depreciation, or any other matters affecting the Petitioner.

DATED: 5/15/00

BOARD OF PUBLIC UTILITIES
BY:

[SIGNED]
HERBERT H. TATE
PRESIDENT

[SIGNED]
CARMEN J. ARMENTI
COMMISSIONER

[SIGNED]
FREDERICK F. BUTLER
COMMISSIONER

ATTEST:

[SIGNED]
EDWARD D. BESLOW
ACTING SECRETARY